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AN ASSESSMENT OF THE IMPACT OF
SELECTED LARGE PERFORMING COMPANIES
UPON THE CANADIAN ECONOMY

A study conducted by
Urwick, Currie and Partners, Ltd.,
Management Consultants.

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September 1974



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FOREWORD

During 1972, the Canada Council asked Urwick, Currie & Partners to carry out a study of three organizations active in performing arts in order to assess their cultural and economic impact upon Canadian society. The three organizations are the Royal Winnipeg Ballet, the Toronto Symphony, and the Théâtre du Nouveau Monde. The terms of reference for the study are described in Part I of the report which follows. A full report on the study was submitted to the Council by Urwick, Currie and Partners in October 1972.

Those sections of the report that deal with the economic aspects of the study are now being made public by the Council.

As to the assessment of cultural impact, the report of the study team demonstrates that, in their respective fields, the three companies named all make important contributions in terms of culture to Canadian society and to the enhancement of Canadian prestige abroad. The report also shows that the grants they receive from the Canada Council play a large part in enabling the companies to survive, to maintain high artistic standards, and to sustain employment for talented Canadians in the vocations of their choice. The individual reports on the three companies that were written by the arts consultants, along with the summary compilation by Urwick, Currie and Partners, have proved of considerable interest to the Council, but because they are rather detailed assessments of the artistic endeavour of the companies, they are not being publicly released.

The Council wishes to express its grateful appreciation to the Urwick, Currie personnel and the three arts consultants who made up the study

team, and most certainly to the board members and staffs of the three companies as well as the numerous other persons in Montreal, Quebec City, Toronto and Winnipeg who graciously provided information and advice.

J. Norman Lamont,
Chief,
Research and Analysis Section.

André Fortier,
Director.

The Canada Council

PREFACE

The analyst who tries to bring quantitative techniques to bear upon situations closely related to the quality of life is faced with many difficulties. In the course of finalizing this report therefore we found it necessary to consult a small number of officials of the federal and provincial governments, and certain other authorities, in order to determine the operational criteria which might be used to assess the economic impact of performing arts companies, and the economic effectiveness of grants made by the three levels of government to organizations active in the performing arts field. We found that while such broad objectives as the quality of life, the cultural health of the nation, and national unity have been articulated, no operational measures have yet been developed for government programs in general stemming from such broad objectives. For this reason, we were told, standard quantitative criteria for comparing alternative and competing resource allocation proposals at the federal level do not exist. Therefore, due to the multiplicity of objectives and criteria defined by government departments and agencies for programs, it is extremely difficult to make useful comparisons between programs in different fields in valid terms. This is a perpetual problem facing officials responsible for program evaluation, more especially because governments pursue goals other than efficiency and equity, including, as in the present case, cultural goals. In principle, there is no doubt that expenditures and grants for different programs are comparable, but in the present state of the art the decision tools available for the purpose are very imprecise. As a result, it is very seldom possible for valid comparisons of the kind to be made even with the application of sophisticated technology.

Simple comparisons of returns from expenditures, investments or grants for government programs seldom provide an adequate basis for policy decisions in national economic planning, because the objectives and criteria involved are so diverse.

We noted numerous goals for sub-programs in the Main Estimates of the Government of Canada as described in the programs of departments, including the Secretary of State's department and the several agencies for which it reports to Parliament. However, we have not attempted to relate the data in this report to these goals because the latter are almost wholly qualitative¹ in nature.

Instead, we have stated the facts as they appear to us from our research and analysis to exist, and have prepared a report which is intended to be free from bias, in accordance with our terms of reference.

We have verified with government officials and other authorities that the economic data presented - including data based on tax receipts and expenditures by government - yield criteria which, in the absence of alternative measures yet to be formulated, constitute an acceptable basis of project evaluation.

¹The following are selected examples of sub-goals within the federal program:

- . The objective is to promote the development of the performing arts. (National Arts Centre Corporation, Secretary of State's Department)
- . To foster and promote the development of a feature film industry in Canada. (Canadian Film Development Corporation, Secretary of State's Department)
- . To assist the Government in deciding upon and implementing financial and other economic policies and measures that will best accomplish its major economic and other objectives. (Financial & Economic Policies Program, Department of Finance)
- . To provide and maintain at the most economical cost roads, bridges and public utility services as required by federal government programs. (Transport and Other Engineering Program, Department of Public Works)

In the light of the foregoing, it is believed that the report:

1. provides a useful information input to the Canada Council which may be used by the Council and its staff, together with other inputs, in its program evaluation and planning process; and
2. demonstrates that support of the arts comprises no net burden on the public treasuries since tax receipts from artistic endeavours, at the very least, balance the funds disbursed.

The scope of the present report does not provide data that will enable the Canada Council to evaluate the effectiveness of its present level of support to organizations in the field of the performing arts, or to assess the relative effectiveness of other approaches in support of the performing arts.

To enable the Canada Council to determine whether, and, if so, to what extent grants to the three organizations specified or others are achieving their objectives would have required a study expressly designed to compare actual results against predetermined performance criteria or "measures of success".

If, for example, job generation were an objective of one of the Council's support programs, it would be necessary to assess the job maintenance and job creating impact of the program. Alternatively, however, a program could be directed wholly or in part towards income maintenance or enhancement for the existing corps of performers; improvement in the technical quality of performance through the infusion of additional capital for properties, scenery, scripts, etc.; or to providing a subsidy to sections of the public - possibly the young, the aged and low income segments of the population - to assist them to attend live performances. Unless success criteria are established in advance, it is not possible to evaluate support

programs in specific terms.

In terms of job maintenance, however, it may be observed from the data that the Canada Council's grant program contributed to the maintenance of employment with the three organizations, combined, at a cost of approximately \$4,125 per job maintained.¹

Assessment of alternative means of support to the performing arts is beyond the scope of this study. Such a study would require the development of alternative means - for example, support for smaller, nascent organizations; or support for patrons by such devices as the voucher system - and assessment of the expected outcomes of the alternatives against, once again, predetermined measures of success or performance criteria.

To sum up. The data in this report are held to justify the Canada Council's support programs for the performing arts in economic terms in the sense that in the aggregate grants to the three companies concerned do not constitute a net drain on the public treasuries and do not as a consequence, contain within them unintended income redistribution effects. This argument is tenable because taxes and other receipts by all levels of government involved equal or exceed the grants disbursed for the purpose discussed. True, it may be argued that receipts in the terms identified would be generated in any event as a consequence of public grants of approximately like amounts to any three organizations whatsoever in the country: their employees would pay income taxes, sales and excise taxes would be levied, and government services would be used. However, this is considered to be beside the point. The purpose of the Canada Council's grant program

¹Based on data provided by the three performing companies studied for the fiscal years 1971/72, or 1972/73, as explained later in the body of the report.

discussed is, we understand, to give some measure of public support to the performing arts. The present study demonstrates, factually, that this support represents no net burden on the public treasury.

URWICK, CURRIE & PARTNERS LTD.

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PART I

D I G E S T

I. INTRODUCTION

In June 1972, we were authorized to carry out a study for the Canada Council, to assess the cultural and economic impact of selected large performing companies upon Canadian society. The aims of the study are described more fully in the immediately following section.

In this chapter, the background to the study is outlined first. We then present the principal conclusions derived from assessments of prescribed economic aspects of the three organizations involved in light of the terms of reference established for the study. Finally, in this digest, we describe shortcomings in the direction of the three companies relating to the definition of their aims, planning, and the harmonization of their respective goals and plans with the purposes of the grant-giving agencies involved in each case. Subsequent chapters in this modified report are devoted to detailed assessments of the economic impact of each of the performing companies upon Canadian society.

Throughout, the method used in discussing economic aspects of the operations of the three companies is to present factual information which may be employed as an input into the Council's planning process, and to summarize the information in conclusion. While the report relates grants made to the companies by the three levels of government to direct and indirect tax receipts, and payments for government services, contributed by the companies, these relationships are not to be construed as an argument that all, or any share of taxes should necessarily be returned whence they came through government grants or subsidies. It is a prerogative of governments, when allocating financial resources at their disposition, to determine which causes, and which sectors of the economy, shall have priority over others.

Further, it must be understood that the economic findings relate to the performing companies which were investigated in the locations identified, not to performing companies in Canada generally. In addition, it should be understood that nothing in this report justifies the conclusion that because grants of particular amounts to particular companies generate the returns to governments described, larger (or smaller) grants would necessarily generate proportionately greater (or lesser) returns from the companies investigated or others. Tax receipts, or the pattern of demand for goods and services resulting from grants to performing companies are a function of a combination of factors, and no two companies are identical or in like circumstances in all respects involved.

II. BACKGROUND TO THE STUDY

It is vital to ensure a common basis of understanding, before discussion of particular aspects of each of the three organizations under review. Therefore, in this section we outline the purpose of the study, the terms of reference for the consultants, and the method used to carry out the assignment. We also refer to certain standard definitions used throughout the text.

A. PURPOSE OF THE STUDY

The aims of the assignment were set out in letters despatched by Mr. André Fortier, Director, the Canada Council, to the presidents of the three organizations chosen by the Council for the study. The following is an extract from the letters:

"Within the context of its policies for the support of the arts the Council is devoting particular attention this year to the performing

arts sector, and is now engaged in a large-scale endeavour to produce a well-argued and fully documented statement of needs, along with a set of proposals for programs of assistance designed to meet those needs Among the more important projects within the program is an attempt to assess the cultural and economic impact upon Canadian society of the large well-established performing companies that have national, and indeed international significance. To do this we should like to undertake in-depth studies of the Royal Winnipeg Ballet, the Théâtre du Nouveau Monde and the Toronto Symphony."

We wish to record with appreciation that the co-operation afforded us by the companies involved was exemplary, and that their assistance contributed greatly to our execution of the task.

B. TERMS OF REFERENCE

The terms of reference for the study were prepared by the Canada Council. They required the consultants:

"To conduct an in-depth study of particular aspects of each of the three organizations in order to assess its cultural and economic impact upon Canadian society."

The directive continued -

"Among factors to be examined will be:

1. The extent to which the organization has provided, and may be expected to provide in the future, a cultural experience of high quality for Canadians.
2. The contribution made to the development of Canadian creative and interpretative talent, and to -
3. The enhancement of Canadian prestige abroad.
4. The economic benefit accruing to the municipality, the province

and the nation by the provision of employment for performing artists and other workers, the stimulus for local business and the tourist trade, the contribution to government revenues and the balance of payments, and other effects.

5. The costs borne by the municipality, province and nation as related to these benefits."

C. METHOD USED

Overall responsibility for the study was assigned to Urwick, Currie & Partners Ltd., who reported throughout to the Chief, Research and Analysis Section of the Council (J. Norman Lamont).

Four arts officers of the Council, and the Assistant Treasurer¹ collaborated in the preparatory stages of the project.

The study team comprised five persons: two senior consultants with Urwick, Currie² and three arts consultants³ whose role was central in the assessment of cultural impact. The group as a whole was under the supervision of a partner in our firm⁴.

After preliminary planning by Urwick, Currie in conjunction with officers of the Council, the study team visited Montreal, Winnipeg, Toronto

¹Arts officers participating: Dance - Mrs. Monique Aupy
 Music - Mr. Guy Huot
 Miss Yvonne Goudreau
 Theatre - Mr. David Gardner
 Assistant Treasurer: Mrs. M.M. Janes

²Mr. D.G. Walker (Project Director)
 Mr. I.G. Cummings (Economic and Financial Aspects)

³Mr. William Littler (Dance)
 Mr. Gilles Potvin (Music)
 Mr. Lawrence Sabbath (Theatre)

⁴Mr. D.E. MacNair

and Quebec City. In these cities the team interviewed a broad, selected sample of persons including: officers, directors and management of the companies under study; senior officials with grant-giving bodies at the provincial and municipal levels; members of academic faculties and school boards; executives responsible for the operations of concert halls and auditoria used by the performing companies affected; newspaper columnists and arts critics; directors of other performing companies, a conservatory, and a theatre school; executives with chambers of commerce, and tourist and convention bureaux; officials of the C.B.C.; representatives of unions and performers' committees; and others, including a representative of the Department of External Affairs. A list showing the names and appointments of persons interviewed with respect to each of the performing companies studied is enclosed as the final appendix in chapters devoted to assessments of the economic impact of each of the organizations.

D. STANDARD DEFINITIONS

Certain terms - for example, direct taxes and government services, associated costs of attendance, indirect taxation multiplier effect - are employed throughout the report and it is important that their meaning be understood.

1. Direct Taxes and Government Services

The term "direct taxes and government services" is defined as including taxes paid to municipal, provincial, and federal governments by the three organizations under review; by organizations or enterprises associated with them such as women's committees, the theatre owned by Le Théâtre du Nouveau Monde, and the Royal Winnipeg Ballet School; as well as personal income taxes paid by employees of the three organizations, as a

whole. The term also includes taxes paid by suppliers to the organization on materials, goods and taxable services the values of which are identifiable in the organizations' accounts. Such taxes are mainly:

- Amusement taxes on ticket sales (where applicable)¹;
- Personal income taxes paid by performers and employees, including part-time employees;
- Sales taxes on materials, goods and taxable services (e.g. telephone and telegraph services) purchased;
- Property taxes, water taxes, and municipal licences;
- Sales taxes on estimated taxable associated costs of attendance (as defined later); and -
- Annual depreciation on capital assets (that is, an estimate of the due proportion of federal and provincial taxes paid at the time of acquisition of such assets).

Government services in this context are chiefly costs of postage, and electricity.

Values of all the foregoing taxes and government services are quantifiable, and can be verified. However, the values shown in this section and in subsequent reports on the three organizations studied are understated to an extent, individually and in the aggregate. This is because in the time

¹In Manitoba and Ontario, amusement taxes are levied by the provincial governments on the value of tickets sold. However, both governments presently provide exemptions to non-profit organizations. These include the RWB and the TS which are not subjected to amusement tax on their ticket sales.

In Quebec, amusement tax is levied by municipalities. Thus, the TNM pays amusement tax on the value of its ticket sales to the City of Montreal.

available it was not possible to determine the values of all such taxes generated. Thus, for example, it was not possible to calculate or even estimate reliably the values of amusement and sales taxes attributable to the companies when on tour in Canada outside their home provinces.

Chart I - enclosed at the conclusion of this chapter - illustrates the flow of funds of the three organizations, combined. The chart shows that direct taxes and government services amount to some 25% of the aggregate value of the companies' budgets and associated costs of attendance, combined.

2. Associated Costs of Attendance

Associated costs of attendance at live performances, sometimes referred to briefly as associated costs, are average costs incurred by typical spectators, in different social groups, in addition to the cost of tickets for admission to performances. Such costs, which may include babysitting fees, dinner, liquor, transportation outlays, etc., are clearly harder to obtain than ticket price data. However, in estimating associated costs - in conjunction with personnel of the three organizations concerned - reference was made for comparative purposes to related studies carried out previously in Canada and the U.S.A.¹ Of these the best known is the study by Baumol and Bowen which established, among other things, that supplementary attendance outlays are significant economically. According to this source,

¹The studies referred to are, in the order in which they were made:

- The Economics of the American Theatre: Thomas G. Moore - Duke University Press, 1968. (Refers to a study of associated costs made in New York City in 1962).
- Performing Arts - The Economic Dilemma: William J. Baumol and William C. Bowen - The Twentieth Century Fund, N.Y. 1966.
- Report on Le Théâtre du Nouveau Monde (1968), prepared by the Canada Council in association with the TNM (unpublished).

such outlays constituted (in the United States, in 1965-66) nearly half the cost of attending performances.

Our, much more limited, enquiries tended to confirm the validity of Baumol's and Bowen's findings with respect to the three organizations studied.

Extensive enquiries made in Canada and the U.S.A. during the assignment established that no further studies of a similar nature have apparently been made since the three studies specified were carried out.

Associated costs of attendance, combined with the aggregate total value of the three companies' budget, represent the total demand that can be related to the companies' activities.

3. Indirect Taxation Multiplier Effect

After deduction of the value of direct taxes and government services from the aggregate total value of the companies' budgets and associated costs of attendance at performances, approximately 75% of the whole remains. This residual comprises two main elements: performers' and employees' disposable income - that is, personal income after tax available to be spent, or saved - amounting to approximately 45% of the residual; and monies paid out by the companies for purchases, and by patrons in the form of associated costs of attendance, which together represent the balance (some 55%).

The spending of disposable income by performers and employees results in "indirect taxes" - for example, sales tax on purchases, property tax, etc. - and these were estimated, as explained in the following paragraph. However, in addition, suppliers of goods and services to the companies pay corporate income tax on profits earned, but these additional returns from

corporate sources could not be estimated in the time available. Hence, they are not reflected in any of the calculations which follow.

The process described is illustrated in Chart I. Circumstances did not permit systematic investigation by the study team with a view to determining what proportion of disposable income received by performers and employees of the companies is paid in indirect taxes. However, based on studies by the Ministry of Industry and Tourism, Government of Ontario¹, it appears that approximately the following proportions of such funds are returned to the three levels of government in this way.

<u>Government</u>	<u>Proportion of Disposable Income Returned by Indirect Taxation</u>
Federal	20%
Provincial	10%
Municipal	5%
	<hr/>
	35%

We have used these ratios as factors in calculating returns to governments on grants made to the performing companies in the belief that they are well-grounded and defensible. However, we recognize that the proportions are approximate.

4. Residual Economic Multiplier Effects

Performers' and employees' disposable income not returned to governments through direct and indirect taxation, and monies - less direct taxes - paid out by the companies for purchases, and by patrons in the form of associated costs of attendance, continue to circulate and to stimulate the economy.

¹Tourism and Recreation Studies Branch (Dr. Peter Klopchic, Director).

However, there is no way of knowing whether or not these multiplier effects would be different from the multiplier effects from outlays of the same magnitude made by other organizations and individuals in society.

5. Costs Borne by Government

The terms of reference for the study stipulate that among other factors to be examined shall be costs borne by government with respect to the three organizations involved, and their relation to the organizations' contributions to government revenue and other beneficial effects. In carrying out this analysis all costs to government common to the organizations under examination and all other organizations operating in the economy have been excluded from analysis, in common with usual analytical practice. Such common costs include contributions to unemployment insurance, and to federal and provincial pension plans.

For all companies examined, grants from the three levels of government, combined, cover deficits between other income and operating expenses. Thus, in effect, grants from governments enable the companies to survive.

Throughout the remainder of the report, the concepts and terms defined as standard definitions are used without benefit of explanation.

III. SUMMARY OF PRINCIPAL CONCLUSIONS: ECONOMIC AND OTHER

The conclusions are derived from reports on the three organizations prepared in course of our study. Detailed assessments of the economic impact of each of the companies are set out in subsequent chapters.

The principal conclusions derived from assessments of the economic aspects of the three performing companies studied are presented in the

following section.

A. ECONOMIC ASPECTS

1. The Royal Winnipeg Ballet

a. Returns from Direct and Indirect Tax Receipts, and Revenue from Government Services

The following ratios show that returns attributable to the Royal Winnipeg Ballet and accruing to the three levels of government in direct and indirect taxes, and revenue from government services (for postage and electricity), represent very substantial proportions of government grants to the company.

Direct and Indirect Tax Receipts, and Revenue from Government Services, Expressed as Ratios of Grants to the RWB

1972 - 1973

<u>Federal</u>	<u>Provincial</u>	<u>Municipal</u>	<u>Combined</u>
74%	194%	70%	96%

The provincial government's receipts - almost double the amount of its grants for the period - are striking. Receipts by the federal and municipal governments are proportionately much less, but nevertheless represent nearly three-quarters of the value of grants made by each to the company. The three levels of government, combined, were expected to get back close to 100% of their aggregate total outlay in grants (\$435,000) for the year 1972-1973 in the form of direct and indirect taxes and charges for government services, amounting to \$416,800. If the value of government services - amounting to \$18,305 for postage and electricity, combined - is

deducted from the total value of returns to government, the effect is to reduce the total return to all levels of government, combined, by 3.4 percentage points, to 91.7%.

b. Other Economic Benefits

The Royal Winnipeg Ballet occasioned other significant economic benefits during the year under review, principally the following:

- i Purchase of goods, materials and services were made by the company, its dependent organizations, and by members of the public attending performances by the company amounting to almost \$1.2 million.
- ii Salaries and wages paid by the company to a total of 64 artists and full-time employees amounted to approximately \$646,000, yielding some \$500,000 in disposable income after tax for spending or saving, largely in Winnipeg.

In total, these inputs to the economy amounted to approximately \$1.7 million, a sum more than three and one half times greater than the sum total of grants to the company for the year under review (\$435,000).¹

2. The Toronto Symphony

a. Returns from Direct and Indirect Tax Receipts and Revenue from Government Services

Returns to the three levels of government on their respective outlays in grants to the Toronto Symphony are impressive indeed. Measurable direct and indirect taxes, and charges for government services (for postage

¹ If returns through direct and indirect taxes are added, the total input is increased to about \$2.1 million, and the corresponding ratio is raised to 4.8.

and electricity), received by governments in the fiscal year ended August 31, 1972 came close in the aggregate to twice the sum total of grants dispensed, as shown by the following table:

<u>Direct and Indirect Tax Receipts,</u> <u>and Revenue from Government Services,</u> <u>Expressed as Ratios of Grants to the TS</u> 1971 - 1972			
<u>Federal</u>	<u>Provincial</u>	<u>Municipal</u>	<u>Combined</u>
191%	225%	96%	185%

Metropolitan Toronto, which fared least well, recovered almost its entire subsidy within a period of a year. Receipts obtained by the federal and provincial governments speak for themselves.

If the value of government services - amounting to \$22,315 in all - is deducted from the total value of receipts by government, the effect is to reduce the total receipts by all levels of government, combined, by 3.4 percentage points, to approximately 181.5% for the year.

b. Other Economic Benefits

The Toronto Symphony contributes significantly in other ways to the local, and, by extension, national economy. For example, in the fiscal year 1971-1972 it contributed:

- i Through the purchase of some \$815,000 in materials and goods and services, including goods and services supplied to members of the public attending performances by the orchestra.
- ii In conjunction with organizations associated directly with it, by providing employment for 131 people who earned approximately \$1.8 million in disposable income after taxes, available for

spending or investment mainly in Metropolitan Toronto.

In addition, the Toronto Symphony acts to stimulate the economy through various further means. These include the fund-raising activities of its large and active women's committees, and, most recently, by leading the endeavour to obtain support for the construction of a new concert hall in Toronto at a cost of approximately \$20 million.

To sum up. The economic contribution made by the Toronto Symphony, in terms of direct and indirect taxes stemming from its activities approximated \$735,000 in the fiscal year ended August 31, 1972. To this must be added the value of purchases of goods and services for which the company and members of the public attending performances by the orchestra were responsible (about \$815,000) and disposable income after tax earned by musicians and employees (\$1,800,000). In all, these sums amounted to some \$2,615,000 for the year.

Thus, if receipts by governments from direct and indirect taxes (and payments for government services) attributable to the Toronto Symphony are combined with the aggregate demand for local goods and services mentioned earlier, the resulting grand total contribution to the economy is seen to amount to nearly four (3.94) times the sum total of grants received by the organization for the fiscal year ended August 31, 1972.

3. Le Théâtre du Nouveau Monde

a. Returns from Direct and Indirect Tax Receipts, and Revenue from Government Services

The following ratios show that returns attributable to the TNM and accruing to the three levels of government concerned - but more especially the provincial and municipal governments - in the form of direct and indirect taxes, and charges for government services (for postage and electricity), are

striking. Based on estimated results for the fiscal year 1972-1973, such returns are expected to be approximately as follows:

Direct and Indirect Tax Receipts,
and Revenue from Government Services,
Expressed as Percentages of Grants to the TNM
1972 - 1973

<u>Federal</u>	<u>Provincial</u>	<u>Municipal</u>	<u>Combined</u>
50%	151%	198%	86%

Montreal was expected to fare very well, obtaining tax receipts amounting to almost twice the value of its grant, while the provincial government was expected to obtain a smaller, but nevertheless very substantial return in the form of direct and indirect tax receipts and revenue from services. Estimated receipts by the federal government were expected to be relatively much smaller; equivalent to approximately one half the value of its grant.

If the value of government services - amounting to \$20,700 for postage and electricity, combined - is deducted from the estimated total direct and indirect taxes (and payments for government services) attributable to the TNM, the effect is to reduce the ratio of receipts and revenue accruing to all levels of government, combined, by 3.4 percentage points, to 82.2%.

b. Other Economic Benefits

In brief, these are mainly:

- i Provision of full and part-time employment for 67 people who, together with their dependents, spend, or invest some \$513,000 in disposable income annually;
- ii Purchase of materials, goods and services by the company -

including outlays by members of the public attending the theatre - to a total value of over \$900,000 in the fiscal year under review.

In the aggregate, the TNM thus demonstrates a total demand for local goods and services amounting to some \$1,400,000 annually, The sum of receipts by all levels of government in the form of direct and indirect taxes and revenue from government services attributable to the TNM (\$509,600), and the total demand by the company for local goods and services (approximately \$1.4 million), is nearly \$1,923,000. This amount is almost three and one quarter (3.23) times as great as the total amount of grants to the company (\$595,000). However, it should be noted that the TNM conducts no fund-raising activities for its own support; the Montreal business community contributes to the TNM only for promotions in its own interest; and that the company has no women's committee or equivalent voluntary organization concerned with fund-raising.

4. The Companies' Economic Impact

The three companies, combined, furnish direct and indirect taxes, and revenue from government services, amounting in the aggregate to approximately 127% of total grants made by all levels of government to the organizations.¹ This is equivalent to approximately \$2,152,000. More specifically, the ratio of federal government receipts - in the form of direct and indirect taxes, and revenues as defined - to total grants made to the three companies is approximately 107%. Corresponding ratios for other levels of government concerned are: provincial 194%, municipal 120%. More details are given in the table which follows:

¹ Payments for government services are relatively minor, amounting to some \$61,300 in all for the three performing companies, combined, for the fiscal years indicated.

Direct and Indirect Tax Receipts,
and Revenue from Government Services, Combined,
in Relation to Government Grants

	<u>Federal</u>	<u>Provincial</u>	<u>Municipal</u>	<u>Combined</u>
RWB	74%	194%	69%	96%
TS	191%	225%	96%	185%
TNM	51%	150%	198%	86%
Combination	107%	194%	120%	127%

Note: Data based on fiscal years 1971-72 (TS), and 1972-73 (RWB and TNM), for reasons explained in subsequent chapters.

The ratios specified are conservative. This is because it was impracticable to determine the value of all direct and indirect taxes the companies generate; for example, amusement and sales taxes attributable to the companies when on tour in Canada outside their home provinces. Further, the three companies demonstrate a combined annual demand for local goods, materials and services - including outlays by members of the public attending performances - to a combined value of some \$2,897,000 annually. In addition, the three companies pay their artists and other employees as a whole wages and salaries of which approximately \$2,813,000 remains as disposable income after taxes. Thus, the total value of demand purchases by the companies, plus disposable income earned by their artists and employees, amounts to about \$5,710,000 annually. If this amount is combined with the value of direct and indirect tax receipts, and revenue from government services, attributable to the companies (\$2,152 million), the resulting sum total is \$7,862 million. This total is approximately four and a half (4.64) times greater than the total value of grants to the three organizations, combined. In other words, the three organizations as a whole are not a net drain on the public purse.

It was decided after preliminary investigation to concentrate enquiries in areas which would yield dependable statistics, verifiable where possible, showing direct and indirect taxes (and payments for government services) attributable to the three companies, and aggregate demand for local goods and services, in order to determine the resulting grand total contribution made by the companies to the economy. Detailed investigation of indirect and less tangible financial returns to government would have required much more time and greater resources than were available. Moreover, it seemed that the direct returns which could be identified should be sufficiently impressive in themselves.

Brief reference is made to non-quantifiable economic benefits elsewhere in the report, in relation mainly to opinions expressed by executives of tourist and convention bureaux commending contributions made by performing companies to the amenities available in the respective communities. Such bodies were in no doubt that the performing companies render the communities more attractive to visitors, whether individuals or organized groups. In each case, this constitutes an economic benefit, albeit unquantified.

Further, there is repeated evidence in the literature¹ to the effect that industry, especially larger organizations, welcomes the presence of the performing arts and that the arts can be a major source of strength for the business community. Increasingly, with rising standards of education and

¹See: - Douglas Dillon: Business and the Arts, an address to the Friends of City Center of Music and Drama, December 1968, p. 4.

- Rockefeller Panel Report on The Performing Arts - Problems and Prospects: McGraw-Hill, 1965, p. 81 et seq.

- Bernard Taper, The Arts in Boston, Harvard University Press, 1970, pp. 93-94.

- Baumol and Bowen, Performing Arts - The Economic Dilemma, pp. 333-335.

widening interest in the arts, companies find it easier to attract young executives (and their wives) to communities where the arts contribute significantly to the quality of life. This factor assumes increasing importance as industry tends in many cases to decentralize to smaller communities.

B. PREVAILING SHORTCOMINGS IN PLANNING AND THE HARMONIZATION OF OBJECTIVES

The subject is important for two reasons: because the shortcomings in planning and the harmonization of objectives identified diffuse, and tend to diminish the total impact of the companies discussed in this report; and also because the implications of these same deficiencies appear to extend to organizations in the performing arts field generally.

1. The Planning Concept

The term planning as used in this context expressly excludes consideration of centralized planning involving the imposition of plans by any group or groups higher in an official or other hierarchy upon any dependent organization. In other words, planning does not imply coercion, although influence may be exerted (directly or indirectly) at times by one group upon another regardless of its position in society.

Essentially, what is implied for performing companies is the gradual introduction of a systematic process involving the formal definition of operating philosophies, and objectives; the adoption of an appropriate planning process; and the preparation of plans of sufficient scope, drawn up in sufficient detail, and desirably for a three-year period. Planning should include the definition of goals and the establishment of priorities, and plans should be co-ordinated, reconciled, or harmonized (to use a gentler

word appropriate also in French) with other interested bodies, including grant-giving bodies, which should be involved and consulted in the planning process. Similarly, grant-giving agencies should concert their plans; with other such bodies, and with performing companies.

2. The Concept of Accountability

Organizations in receipt of grants from public funds are responsible for the stewardship of monies they receive. In receiving grants, they also assume obligations: towards grant-giving agencies, and with respect to taxpayers, urban and rural, whose taxes generate public funds.

While the public which patronizes the performing arts has apparently been noticeably enlarged and democratized in recent years, it is still predominantly middle or upper class in character. However, performing companies in receipt of grants have an obligation to perform for all social groups, and to harmonize and concert their plans to discharge this obligation with grant-giving bodies concerned.

This does not imply direction by grant-giving bodies. Organizations receiving grants should participate in the definition of their concomitant obligations. Their artistic integrity should not be infringed, and they should be afforded as much freedom as practicable in discharging whatever obligations they undertake.

3. Prevailing Shortcomings

Without detriment to the efficiency or effectiveness of their management groups - subjects outside the scope of this study - it was found that, with the partial exception of the Royal Winnipeg Ballet, the organizations

visited had not defined their objectives formally¹. Further, except with regard to, say, the advance booking of celebrities, or preparations for tours abroad, the companies do not plan further than one year ahead. (Annual plans are mainly in the form of budgets, and requests to grant-giving bodies in prescribed form).

Because grant-giving agencies at the municipal and provincial levels do not require companies to define their objectives formally, and to subject them to review in the light of, for example, public need or service, obligations to be assumed by the companies, or in other terms, sharp differences exist in some official quarters about companies' obligations and operational plans. Further, companies without clearly defined objectives, agreed with grant-giving bodies and their own supporters, are liable to, and do receive criticism on many grounds, more especially with respect to their repertories. Consequently, in one case a company has decided to go its own way and to ignore suggestions or criticism from whatever source, while in another the organization seeks to satisfy or at least mollify, all sides. The thrust, artistic quality, and cultural impact of the organizations affected suffer as a result.

While the examples cited relate to performing companies and to municipal and provincial grant-giving bodies, it is apparent that lack of formalization and "harmonization" in planning also involves the Canada Council.

¹ A statement of the RWB's philosophy and objectives is set out in Appendix I. Whatever its deficiencies, this is a clear and useful document: a practical guide for the company, and a good basis for discussions with grant-giving bodies about the company's obligations, and the harmonization of plans.

4. Intentions and Attitudes of Provincial and Municipal Governments and Grant-Giving Bodies

At the provincial level, a clear appreciation exists of the need for improvement in goal definition, planning, and the harmonization of plans affecting companies and grant-giving bodies covered by the study. The matter is considered important.

In Quebec, the Ministry of Cultural Affairs is preparing to introduce a system of cahiers de charge¹ for all companies in receipt of grants. The Ministry also intends to introduce a system of three-year planning in conjunction with recipients of grants. Because funds are unlikely to be procurable for a three-year period, the intention apparently is to continue with concrete annual budget plans extending these for a further two years on a basis of mutually agreed goals, or expressions of intent.

In all three provinces visited, the authorities concerned evinced keen interest in exploring problems of goal definition, planning and harmonization in conjunction with other grant-giving bodies and representative recipient organizations.

At the municipal level the situation is not as clear. The groups - whether committees, sub-committees, or other bodies - responsible for processing requests for grants, obtaining allocations of funds, and for the distribution of monies, vary widely: in their composition; knowledge of and attitude towards the arts and entertainment generally; in their understanding of relevant criteria and of the planning process; and in their methods of operation. Nevertheless, all were apparently favourably disposed in principle

¹Originally coined in the time of Napoleon I, the term cahier de charge is analogous in English to terms of reference. In this context, it also implies inclusion of an agreed statement of obligations accepted by the recipient body.

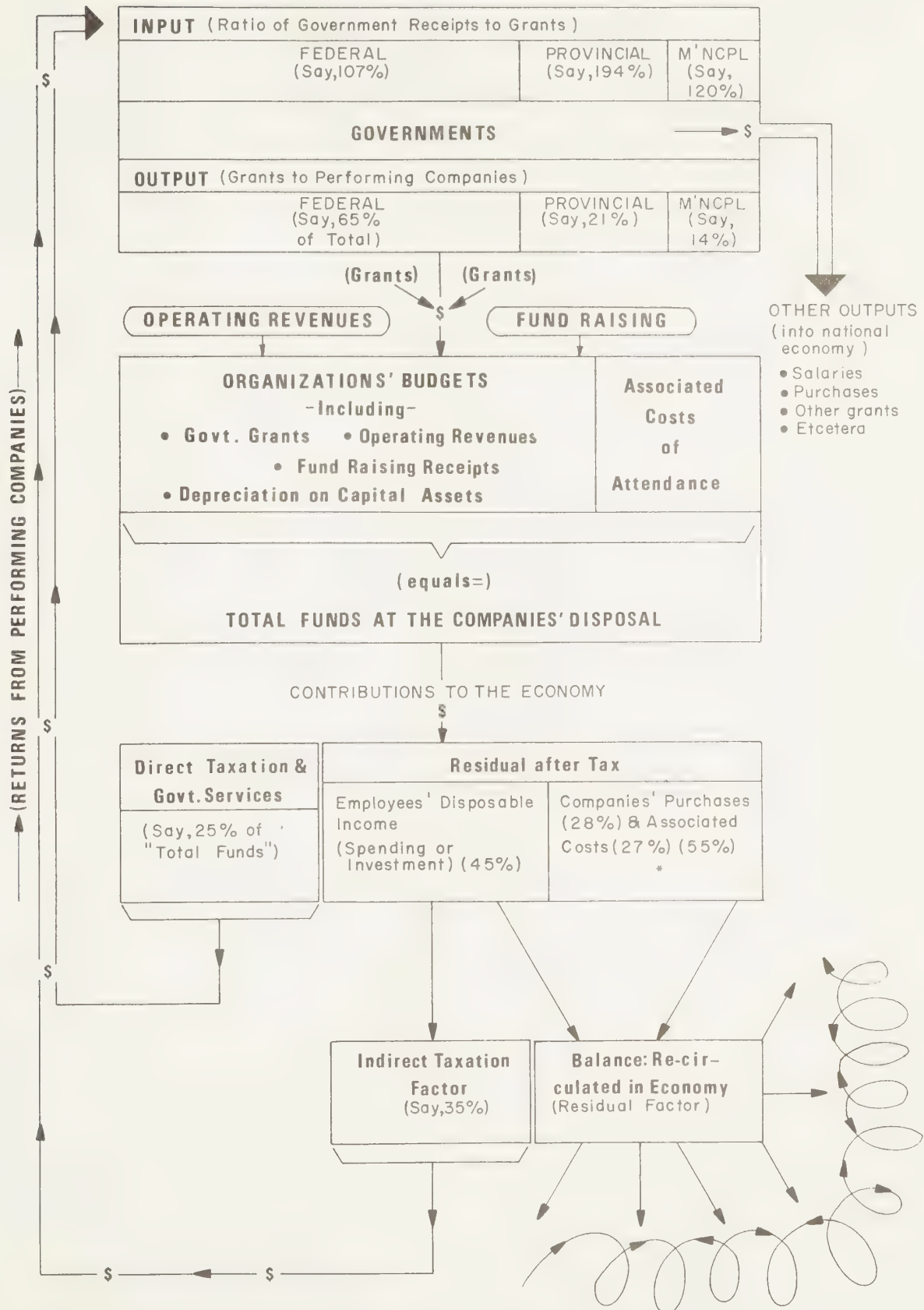
towards the introduction of improvements in goal definition, and harmonization in planning. Further, all recognized that the present agglomeration of grant-giving procedures is capable of improvement.

It is unlikely that the problems outlined could ever be eliminated entirely, but their undesirable affects can certainly be considerably reduced.

Chart Illustrating

FLOW OF FUNDS OF THE R.W.B., T.S. AND T.N.M. COMBINED

(All data shown are approximate)



* NOTE: Including related organizations such as women's committees, ballet schools, etc.

PART II

THE ROYAL WINNIPEG BALLET

ASSESSMENT OF ECONOMIC IMPACT

I. INTRODUCTION

In this report, we first evaluate the operating expenditures and revenue earned by, and provided in the form of grants to, the Royal Winnipeg Ballet and associated organizations¹ for the fiscal year 1972-1973, and the two preceding fiscal years. The evaluation includes an analysis of grants from the three levels of government which represent the costs to government of the RWB, as well as of revenue generated from local activities. We then assess the direct and indirect tax receipts, and revenue from government services, attributable to the Royal Winnipeg Ballet, and the demand for local goods and services resulting from the RWB's activities. Finally, grants by governments are related to the economic returns received.

II. OPERATING EXPENDITURES, GRANTS AND REVENUES EARNED

The fiscal year for the Royal Winnipeg Ballet runs from May 1 to April 30 of the succeeding year. All references in this report to years relate to such periods. Estimated operating expenditures and revenues for the RWB for the year 1972-73, and actual figures for the two preceding years, are as follows:

¹Associated organizations are the Royal Winnipeg Ballet School, and the Women's Committee of the RWB.

TABLE 1OPERATING EXPENDITURES, EARNED REVENUE AND GRANTS

	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73(est)</u>
Operating Expenditures	\$1,008,000	\$1,053,200	\$1,238,200
Revenues			
- Earned	\$ 660,200	\$ 652,300	\$ 798,200
- Grants	<u>316,200</u>	<u>365,300</u>	<u>440,000</u>
Total Revenue	\$ 976,400	\$1,016,300	\$1,238,200
Grant as % of Operating Costs	31%	35%	35%

Grants received or which were expected from each level of government for the three years studied are as follows:

TABLE 2ANALYSIS OF GRANTS

<u>Level of Government</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73(est)</u>
Metropolitan	\$ 35,000	\$ 57,000	\$ 45,000
Provincial	64,000	60,000	80,000*
Federal	<u>212,200</u>	<u>243,300</u>	<u>310,000</u>
	\$311,200**	\$360,300**	\$435,000**

Note: * Does not include special grant of \$75,000 for renovation of new quarters.

** Additional \$5,000 private grant received from the Winnipeg Foundation.

The expected increase in operating expenditures in 1972-73 reflects an increased number of productions, a larger touring orchestra, and in increase in administrative expenses.

The revenue earned by the Royal Winnipeg Ballet includes the proceeds from a number of private fund-raising activities organized by citizens to

support the RWB, and by the company itself to supplement its box office receipts. These activities are discussed in more detail in Section III which follows. However, it is interesting to note that grants to the RWB have in recent years averaged about 34% of operating expenditures. This ratio is significantly lower than is the case with the other two major ballet companies in the country, and reflects credit on the RWB and its supporters for their initiative and efforts in limiting the extent to which the company must rely on grant assistance.

III. BENEFITS

The economic benefits attributable to the Royal Winnipeg Ballet are measurable with varying degrees of precision. The direct tax revenues generated by the RWB and associated organizations can be measured quite accurately as can payments for government services. Indirect taxes, associated costs of attendance at performances, and other economic benefits are more difficult to assess.

A. DIRECT TAXES AND GOVERNMENT SERVICES

The tax structure in Manitoba provides for a provincial amusement tax, but the RWB and other non-profit organizations are exempt. In Manitoba, the 5% retail sales tax is retained in total by the province.

A per capita transfer from the provincial to municipal governments of \$8.00 per head, based on populations of cities, partially compensates for the provincial government's action. A small municipal business tax, and a \$75.00 tax per performance are levied against performing arts organizations. Under these arrangements the direct tax revenue attributable to the RWB, and which accrues to the City of Winnipeg, is modest. However, the other two

levels of government do obtain significant receipts from direct taxes and service charges generated by the company.

In 1970-71 direct taxes and government service charges paid by, or as a result of, transactions involving the RWB and its employees yielded approximately \$213,500 in the aggregate to all three levels of government. Government revenue from this source was about \$231,200 in 1971-72 and was expected to be about \$241,800 in 1972-73. These taxes and service charges include personal income tax, property tax, postage, electricity, etc. The division of this revenue between the three levels of government for the three years investigated was, or was expected to be, as follows:

TABLE 3
TOTAL DIRECT TAXES AND CHARGES FOR
GOVERNMENT SERVICE FACILITIES PAID TO GOVERNMENT
BY OR AS A RESULT OF TRANSACTIONS INVOLVING THE RWB

	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
Municipal	\$ 4,600	\$ 5,700	\$ 6,100
Provincial	93,400	98,300	105,000
Federal	<u>115,500</u>	<u>127,000</u>	<u>130,700</u>
Total	\$213,500	\$231,200	\$241,800

A detailed analysis of the expected revenue from each source in 1972-73 is given in Appendix II.

Personal income tax represents the largest item of direct tax received by government. The income on which it is levied is for employment with the company, its school and fund-raising activities. While the Artistic Director, Mr. Arnold Spohr, directs the Ballet School at the Banff School of Fine Arts each summer, virtually all of the other 63 persons employed by the RWB devote all their available working time to the company.

B. INDIRECT TAXES

An analysis of revenue to government from the Royal Winnipeg Ballet must take account of more than direct taxes paid by the company, its employees and associated organizations.

1. The RWB's 64 employees were expected to earn approximately \$646,000 in 1972-73. They, together with their 19 dependents, should thus have had about \$500,000 in disposable income to spend or invest, mainly in the Winnipeg area. While no precise formula for the tax yield from disposable income is available, it has been suggested¹ that a 20% federal, 10% provincial and 5% municipal tax factor should be approximately correct for assessment purposes. On this basis, a further \$100,000 in federal, \$50,000 in provincial, and \$25,000 in municipal taxes would be attributable to the activities of the RWB.

2. In addition, in 1972-73, the Royal Winnipeg Ballet expected to purchase goods and services worth \$330,000 in Manitoba, and an additional \$262,000 outside the province. Further, it was estimated that an additional \$600,000 would be spent by members of the public on costs associated with attendance at performances of the RWB, as explained in the following section. These two items were expected to generate about \$63,000 in direct tax, as shown in Appendix II. However, the organizations providing goods and services to the company are also subject to corporate income tax, their personnel pay personal income tax, and the organizations themselves purchase materials and supplies some of which attract federal and provincial sales tax. Thus the revenue received by government attributable to the RWB evidently is greater

¹Source: Dr. Peter Klopchic, Director, Travel Research, Ontario Department of Tourism, and information based on economic studies for the Ontario Government.

than the sum of direct tax and service charges described earlier, for which the RWB is directly responsible.

C. ASSOCIATED COSTS OF ATTENDANCE

No study had been made previously of associated costs of attendance at performances of the Royal Winnipeg Ballet. During the 1971-72 season, the company toured extensively overseas. As a result, representative estimates could not be developed of audience spending connected with performances by the company in Canada that year. Therefore, it was decided to use anticipated audience data for 1972-73 for analysis of audience composition and estimated costs associated with attendance at performances by the company. The results of this analysis are shown in Appendix III. The estimates indicate that approximately \$169,000 is likely to have been spent by audiences in Winnipeg, and an additional \$406,000 by audiences viewing performances while the company was on tour in Canada, during 1972-73. The total outlay of \$575,000 - disbursed mainly to the restaurant, bar, and hotel trades, and for transportation by patrons - represents an average expenditure of \$3.98 per spectator at each performance. This compares with a figure of \$3.16 per spectator shown in a study of costs of attendance at live performances throughout the United States in 1963-64. ¹ Assuming a 3.5% to 4% annual average rate of inflation from 1964 to 1972-73, the estimated figure for associated costs of attendance at performances attributable to the RWB compares conservatively with the conclusions of the American study.

D. ECONOMIC STIMULATION FROM PROMOTIONAL ACTIVITIES

A number of promotional activities are carried out in support of the

¹ Performing Arts: The Economic Dilemma - a study by William J. Baumol and William G. Bowen for the Twentieth Century Fund; page 261 et seq.

RWB, both privately by citizens of Winnipeg and by the Province of Manitoba, which have a beneficial effect on the economy. For example:

1. During 1971-72, the RWB introduced a weekly bingo game on local radio. This promotion, which was expected to raise \$45,000 for the company in 1972-73, grossed \$130,000 in its first full year of operation. Of this total, \$72,500 was awarded as prize money, \$14,500 was paid to the radio station, and another \$18,000 was spent for promotional and other commercial purposes in Winnipeg.
2. It has been estimated that by mentioning Winnipeg's 1974 Centennial in all publicity material associated with its tours during the 1972-73 season, the Royal Winnipeg Ballet will have provided the city with at least \$100,000 in free advertising in newspapers and unpaid time on radio and television across Canada.
3. The six-page article on the RWB which appeared in the December, 1971 Canadian edition of Reader's Digest reached about 5,000,000 people. The article discusses the history of the Ballet from its origin in 1938 to its tour in Australia in 1972. It also describes the aid the company has received from the City of Winnipeg, the Province of Manitoba, and from the Canada Council, and pays tribute to the support provided by the people of Manitoba. Equivalent publicity for the City and the Province would have cost approximately \$30,000 if inserted in the same periodical as advertising.
4. Interest in the arts is exceptionally high in Winnipeg. One way in which this has been demonstrated was by the subscription by citizens of the city (and province) of \$7.3 million towards the cost of the new Centennial Theatre in which the RWB performs. The demand created by the Ballet played a large part in the drive for construction of the theatre.¹

¹For further evidence to the same effect, see the Digest; Section III, A, page 11, with reference to subscription lists to North American ballet companies.

5. There is an extremely active women's committee numbering about 300 associated with the Royal Winnipeg Ballet. The group buys and sells articles of merchandise, and organizes luncheons, teas, fashion shows, etc., all of which contribute to an extent to commercial activity in the city. The committee expects to turn over approximately \$15,000 net to the Ballet this year.

E. OTHER ECONOMIC BENEFITS

An evaluation of the economic benefits attributable to the Royal Winnipeg Ballet should take account of the following additional evidence.

1. The Royal Winnipeg Ballet has contributed very largely to the development of public interest in dance in the City. An estimated 1,500 children are enrolled in a number of ballet schools in the metropolitan area, of which 950 alone are enrolled in the Royal Winnipeg Ballet School. This results in an estimated annual expenditure of approximately \$22,000 in student clothing and equipment, and approximately \$68,000 in transportation costs. Of this total expenditure of \$90,000, it is estimated that about \$57,000 is directly attributable to the RWB.

2. Approximately 25 of the senior students of the Royal Winnipeg Ballet School receive bursaries totalling \$11,250 annually, to defray costs of living. This sum is spent in the community.

3. Industrial and commercial interests subsidize the cost of tickets for welfare recipients and students who could not otherwise afford to attend performances by the company. Approximately 4,000 such seats were sold during the 1971-72 season.

The business community also subscribes to the RWB, as entertainment for clients and customers.

F. BALANCE OF PAYMENTS

The Royal Winnipeg Ballet has toured extensively both in North America and overseas. As a result, it has earned and has spent money within and outside the city, province and country. An analysis of the sources of revenue and the location of expenditure for the years 1970-71 and 1971-72, and of estimates for the year 1972-73, reveals that whereas most of the company's revenue is earned outside Manitoba, the greater part is spent in the province.

TABLE 4

PROVINCIAL BALANCE OF PAYMENTSTHE ROYAL WINNIPEG BALLET

	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
<u>Revenue</u>			
From within Manitoba	35%	43%	44%
From outside Manitoba	65%	57%	56%
<u>Expenditure</u>			
Within Manitoba	78%	63%	69%
Outside Manitoba	22%	37%	31%

No precise figures are available on the international balance of payments affecting the Royal Winnipeg Ballet, but the company's most recent tour abroad - to Australia, in 1972 - was made without aid specifically for the purpose from any Canadian source. The tour was profitable.

IV. CONCLUSIONS

The economic benefits to Canadian society attributable to the Royal Winnipeg Ballet are broadly of two kinds: direct and indirect tax receipts,

and revenue from government services, and economic benefits to industry and commerce generally.

A. TANGIBLE RETURNS TO GOVERNMENT

Direct and indirect taxes levied on wages and salaries paid, and government services purchased, by the Royal Winnipeg Ballet have been identified, and indirect taxes generated from expenditures out of disposable income of the organization's employees has been estimated. These measurable direct and indirect taxes may be related to government grants without implying a causal relationship between the elements.

Estimated results for 1972-73, as shown in Table 5 which follows, demonstrate that tax receipts and government revenue, combined, average approximately 96% of the total value of grants provided to the RWB.

TABLE 5
ESTIMATED DIRECT AND INDIRECT TAX RECEIPTS,
AND REVENUE FROM GOVERNMENT SERVICES,
EXPRESSED AS RATIOS OF GRANTS TO THE RWB

	1972-73			
	<u>Federal</u>	<u>Provincial</u>	<u>Municipal</u>	<u>Combined</u>
Direct	42%	131%	14%	56%
Indirect	<u>32%</u>	<u>63%</u>	<u>56%</u>	<u>40%</u>
Total	74%	194%	70%	96%

B. OTHER ECONOMIC BENEFITS TO CANADIAN SOCIETY

In addition to providing direct and indirect financial returns to government, the Royal Winnipeg Ballet has an impact in a number of other ways on the Canadian economy. The most significant are as follows:

1. The Royal Winnipeg Ballet, its associated organizations, and the

public who attend performances by the company purchase materials, goods and services to a value of approximately \$1.1 million annually.

2. The company and its associated organizations provide employment to 64 people who earned approximately \$500,000 in disposable income in the fiscal year 1972-73.

3. There is a pronounced community spirit in Winnipeg. The success of the Royal Winnipeg Ballet, and the excellent reputation it has acquired throughout the world, have fostered this spirit. Winnipeg is proud of the RWB, and many people identify with the organization by participating in activities which have been developed to support the company. These activities all contribute, in varying measure, to the economy and well-being of the community.

The first two of these items represent a combined effective demand by the Royal Winnipeg Ballet of some \$1,600,000 - mainly for local goods and services - related, more or less directly, to the performing arts.

PART III

THE TORONTO SYMPHONY

ASSESSMENT OF ECONOMIC IMPACT

I. INTRODUCTION

In this report we first evaluate the operating expenditures, and the revenue earned by, and provided in the form of grants to the Toronto Symphony and its associated organizations¹ for the fiscal year 1971-72 and the two preceding fiscal years. The evaluation includes an analysis of grants by the three levels of government, which represent the costs to government of the Symphony, as well as of revenue generated from local activities. We then assess the direct and indirect tax receipts, and revenue from government services, attributable to the Toronto Symphony, and the demand for local goods and services resulting from the Symphony's activities. Finally, grants by governments are related to the economic returns received.

II. OPERATING EXPENDITURES, GRANTS AND REVENUE EARNED

The fiscal year of the Toronto Symphony runs from September 1 to August 31 of the succeeding year. All references in this report to years relate to such periods. It should be noted, however, that as that part of the study affecting the Toronto Symphony was conducted during the month of August, 1972 the final financial results for the 1971-72 period were not complete. Estimates were provided by the Toronto Symphony for the month of August which are used in this report together with actual results for the other eleven months.

Estimated operating expenditures and revenue for the Toronto Symphony for the last three years are as follows:

¹ Associated organizations in this context are the Women's Committee of the Toronto Symphony, and Massey Hall.

TABLE 1OPERATING EXPENDITURES, GRANTS AND EARNED REVENUE

	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>
Operating Expenditures	\$1,730,300	\$1,728,700	\$2,225,000
Revenues			
- Earned	\$1,252,700	\$1,242,100	\$1,490,000
- Grants	<u>445,000</u>	<u>575,000</u>	<u>662,750</u>
Total Revenue	\$1,697,700	\$1,817,100	\$2,152,750
Grants as % of Operating Costs	26%	33%	30%

The grants received from each level of government for the three years studied are as follows.

TABLE 2

GRANTS RECEIVED (OR EXPECTED) FROM EACH LEVEL
OF GOVERNMENT

<u>GRANT-GIVING BODY</u>	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>
Metropolitan	\$ 50,000	\$ 75,000	\$100,000
Provincial	75,000	145,000	166,750
Federal	<u>320,000</u>	<u>355,000</u>	<u>396,000</u>
Total	\$445,000	\$575,000	\$662,750

The increase in operating expenditures in 1971-72 is due primarily to increases in wages, salaries and guest artist fees (\$319,000), and to increases in concert production costs (\$91,000). The increase in earned revenue is attributable to an increase of \$239,000 at the box office, resulting very largely from 20 additional concerts played during the year.

III. BENEFITS

The economic benefits attributable to the Toronto Symphony are measurable with varying degrees of precision. The direct tax revenues generated by the Symphony and associated organizations can be measured quite accurately, as can payments for government service. Indirect taxes, associated costs of attendance at performances, and other economic benefits are more difficult to assess.

A. DIRECT TAXES AND GOVERNMENT SERVICES

The tax structure in Ontario provides for a provincial amusement tax, but the Toronto Symphony have, to date, not been subjected to this tax for performances in Massey Hall. Amusement tax is charged, however, for concerts given by the orchestra in Ontario Place.

In Ontario the 5% retail sales tax is retained in total by the province. A per capita transfer from the provincial to municipal governments of \$11.25 per head based on populations of cities partially compensates the latter for the provincial government's action. Under this arrangement, the municipal tax revenue attributable to the Toronto Symphony with respect to sales tax¹ is very modest. However, the other two levels of government obtain significant financial returns through direct taxation and charges for government services attributable to the organization.

During the last three years, government revenue from activities related to the Toronto Symphony was approximately \$486,400, \$508,100 and \$595,400 in 1969-70, 1970-71 and 1971-72, respectively. The division of this revenue between the three levels of government was as follows:

¹Sales tax is levied on, for example, office supplies, transactions at the Women's Committee's annual rummage sale, materials supplied to Massey Hall, telephone bills, etc.

TABLE 3

TOTAL DIRECT TAX AND CHARGES FOR GOVERNMENT SERVICE
FACILITIES PAID TO GOVERNMENTS BY OR AS A RESULT OF
TRANSACTIONS INVOLVING THE TORONTO SYMPHONY

	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>
Municipal	\$ 4,000	\$ 5,000	\$ 5,600 (1,877)
Provincial	152,800	168,000	195,200
Federal	329,600 <u>(314,500)</u>	335,100 <u>(319,000)</u>	394,600 <u>(375,267)</u>
Total	\$486,400 (\$471,300)	\$508,100 (\$492,000)	\$595,400 (\$573,013)

Note: 1. Figures in parentheses exclude values of government services.
 2. Certain items on which tax was computed were estimated, as explained in Appendix IV.

A detailed analysis of the revenue from each source in 1971-72 is set out in Appendix IV.

Personal income tax, including a due share of income tax paid by employees of associated organizations, constitutes 85% of direct taxation received by government from the Toronto Symphony. In addition to income tax on executive and administrative salaries, the income on which this tax is paid comes from employment of musicians of the orchestra with a number of organizations in addition to the Toronto Symphony. These include the CBC (for special concerts), recording companies, Ontario Place, other symphony orchestras in Ontario, and music schools or tuition provided by the musicians. It is understood¹ that as a whole musicians with the Toronto Symphony earn about half as much again as they earn from the Symphony, from outside

¹Source: Mr. J.A. Wood, President, Toronto Musicians' Association.

employment. (The Toronto Symphony employs its musicians approximately 19½ hours per week, 44 weeks per year. They obtained a further two weeks full-time employment in the season 1971-72 mainly through engagements with Ontario Place and the C.B.C.)

B. INDIRECT TAXES

An analysis of revenue to government from the Toronto Symphony must take account of more than direct taxes paid by the organization, its employees and associated organizations.

1. The Toronto Symphony employs 116 people full-time. An additional 15 people are employed, some full-time and some part-time, by Massey Hall, in which 67% of performances are accounted for by concerts and rehearsals played by the Toronto Symphony. These 131 persons earned approximately \$1.8 million in disposable income after tax,¹ available to be spent or invested mainly in the Toronto area. Using a tax factor of 20% to federal, 10% to provincial and 5% to municipal governments,² an additional \$360,000 in federal, \$180,000 in provincial, and \$90,000 in municipal tax revenues - or some \$630,000 in all - would have been received by governments through disbursement, et cetera, of this sum of post-tax disposable income.

2. In 1971-72 the Toronto Symphony spent about \$500,000 for the purchase of goods, materials and services. A further \$315,000 is estimated to have been spent by members of the public on costs associated with attendance at

¹Including approximately two-thirds of the total income generated by employees of Massey Hall.

²As developed and applied by the Ontario Department of Tourism and Information, in economic studies for the Ontario Government. (Dr. Peter Klopchic, Director Travel Research).

performances of the Toronto Symphony, as explained in the following section. Together, these sums would have occasioned about \$50,000 in direct tax, as shown in Appendix IV. However, the organizations providing these goods and services to the company and to the public are also subject to corporate income tax, their personnel pay personal income tax, and they, too, purchase materials and supplies some of which attract federal and provincial sales tax. Thus the revenue received by government attributable to the Toronto Symphony evidently is greater than the sum of direct taxes and government service charges described earlier for which the Symphony is directly responsible.

C. ASSOCIATED COSTS OF ATTENDANCE

No study had been made previously of associated costs of attendance at performances by the Toronto Symphony. Therefore, an analysis was made of audience composition, in co-operation with members of the Toronto Symphony staff. Based on this analysis, estimates were developed of audience spending. The results of this process are shown in Table 4.

TABLE 4

ESTIMATED ASSOCIATED COSTS OF ATTENDANCE
AT TORONTO SYMPHONY CONCERTS

1971-72

<u>Series</u>	<u>Attendance</u>	<u>Estimated Spending</u>	<u>Total Estimated Proceeds</u>
1. Massey Hall	135,000	\$1.30	\$175,500
2. Children's Series	17,000	0.40	6,800
3. Specials	27,000	1.00	27,000
4. Ontario Place	<u>106,000</u>	1.00	<u>106,000</u>
	285,000		\$315,300

These figures reflect a rather conservative estimate of audience spending. This is attributable in part to lack of refreshment facilities in Massey Hall, and is consistent with the opinions of people long associated with the orchestra who believe that most members of the Symphony's audiences do not consider an occasion with the orchestra as a "night on the town". However, despite the conservative results, the estimated \$315,000 in associated costs augments the impact of the Toronto Symphony on the economy significantly.

D. OTHER ECONOMIC BENEFITS

An evaluation of the economic benefits afforded by the Toronto Symphony should take account of the following additional evidence.

1. In proportion to the size of its budget, the Toronto Symphony raises relatively more money from the local business community - both corporate and individual donors - than any other major symphony orchestra in any city in North America.¹ Corporate and individual business donations and sponsorships have amounted to about \$300,000 per annum during each of the last three years.

2. The Toronto Symphony receives approximately \$75,000 net each year from its Women's Committee. The money is raised by rummage sales, luncheons, Symphony news publications and dances.

In addition, the Junior Women's Committee handles all arrangements between members of the orchestra and various local schools in which individual musicians and groups from the Toronto Symphony perform.

Such activities stimulate commercial activity in the community. For example, during 1970-71 approximately \$100,000 was spent by the women's

¹ Major Symphony Orchestras Comparative Report, compiled by the American Symphony Orchestra League.

Committee in newspaper advertising, printing and photography.

3. Massey Hall, while providing accommodation for other organizations, exists primarily to accommodate the Toronto Symphony. There are plans to construct a new Massey Hall at an estimated cost of \$20 million.

4. The Toronto Symphony has contributed to the development of the 23 other symphony orchestras in Ontario. Some musicians with the Toronto Symphony play in certain of these orchestras. Development of the 23 orchestras has had some economic impact, however small, on other communities in Ontario.

5. Although no estimate of the value of the Toronto Symphony as a tourist attraction was obtainable, it was noted that tourist advertising material for Ontario contains information about the orchestra. It was also noted, however, that because over 90% of tickets to the Symphony's regular concert series are subscribed to for the season, it would be difficult for tourists to obtain tickets to concerts.

E. BALANCE OF PAYMENTS

The Toronto Symphony performs mainly in Metropolitan Toronto. Consequently, it spends the great part of its income in the area. If Canada Council grants are considered revenue from outside the province, analysis of the provincial balance of payments for each of the last three years on the Toronto Symphony's account shows that the organization has consistently derived over 80% of its revenue (say, about \$1,700,000 annually) from inside the province. It has also made over 92% of its expenditures (somewhat under \$2 million annually) within Ontario, mainly in metropolitan Toronto. On external balance, the organization has made a favourable contribution of some \$200,000 annually to the Ontario provincial balance of payments.

IV. CONCLUSIONS

Economic benefits to Canadian society attributable to the Toronto Symphony are broadly of two kinds: direct and indirect tax receipts, and revenue from government services, and economic benefits to industry and commerce generally.

A. TANGIBLE RETURNS TO GOVERNMENT

Direct and indirect taxes levied on wages and salaries paid, and government services purchased, by the Toronto Symphony have been identified and indirect taxes resulting from expenditures out of disposable income of the organization's employees have been estimated. These measurable direct and indirect taxes may be related to government grants without implying a causal relationship between the elements.

Results for 1971-72, as shown in Table 5 which follows, demonstrate that tax receipts and government revenue, combined, average approximately 185% of the total value of grants provided to the Toronto Symphony.

TABLE 5

DIRECT AND INDIRECT TAX RECEIPTS, AND REVENUE
FROM GOVERNMENT SERVICES, EXPRESSED AS
RATIOS OF GRANTS TO THE TORONTO SYMPHONY

1971-72				
	<u>Federal</u>	<u>Provincial</u>	<u>Municipal</u>	<u>Combined</u>
Direct	100% (95%)	117%	6% (2%)	90% (86%)
Indirect	<u>91%</u>	<u>108%</u>	<u>90%</u>	<u>95%</u>
Total	191% (186%)	225%	96% (92%)	185% (181%)

Note: Figures in parentheses exclude values of government services.

B. OTHER ECONOMIC BENEFITS TO CANADIAN SOCIETY

In addition to providing direct and indirect financial returns to government, the Toronto Symphony has an economic impact in a number of other ways on the Canadian economy. The most significant of these are as follows.

1. The Toronto Symphony, its associated organizations, and the public who attend concerts by the orchestra purchase materials, goods, and services to a value of approximately \$815,000 annually.
2. The company and its associated organizations employ 131 people - full- and part-time - who earned approximately \$1.8 million in disposable income in the fiscal year 1971-72.

These two items represent a combined effective demand by the Toronto Symphony of some \$2,615,000 - mainly for local goods and services - related, more or less directly, to the performing arts. . This is not to mention a number of peripheral or exceptional activities, including the stimulus provided for the construction of a new Massey Hall at an estimated cost of \$20 million.

PART IV

LE THEATRE DU NOUVEAU MONDE

ASSESSMENT OF ECONOMIC IMPACT

I. INTRODUCTION

In this report we first evaluate the operating expenditures, and the revenue earned by, and provided in the form of grants to Le Théâtre du Nouveau Monde for the fiscal year 1972-73, and the two preceding fiscal years. The evaluation includes an analysis of grants by the three levels of government which represent the costs to government of the TNM. We then assess the direct and indirect tax receipts, and revenue from government services, attributable to Le Théâtre du Nouveau Monde, and the demand for local goods and services resulting from the TNM's activities. Finally, grants by governments are related to the economic returns received.

II. OPERATING EXPENDITURES, GRANTS AND EARNED REVENUE

The fiscal year for Le Théâtre du Nouveau Monde runs from July 1 to June 30 of the succeeding year. All subsequent reference to years relates to such periods.

Estimated operating expenditures and revenues for the TNM for 1972-73, and actual figures for the preceding two years, are as follows:

TABLE 1

OPERATING EXPENDITURES, GRANTS AND EARNED REVENUE

	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
Operating Expenditures	\$820,000	\$868,500	\$1,101,500
Revenues			
- Earned	\$306,302	\$333,200	\$ 497,500
- Grants	<u>515,000</u>	<u>540,000</u>	<u>595,000</u>
Total Revenue	\$821,301	\$873,200	\$1,092,500
Grants as a % of Operating Costs	63%	62%	54%

The grants received or expected from each level of government for the three years studied are as follows:

TABLE 2

ANALYSIS OF GRANTS

<u>Level of Government</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73 (est)</u>
Metropolitan	\$ 50,000	\$ 50,000	\$ 60,000
Provincial	110,000	110,000	120,000
Federal	<u>355,000</u>	<u>380,000</u>	<u>415,000</u>
	\$515,000	\$540,000	\$595,000

The substantial increase of over 26% in operating expenditures expected between 1971-72 and 1972-73 is mainly attributable to the extra costs of operating from the TNM's own theatre, until recently La Comédie Canadienne, which was purchased by the company in 1972 with the assistance of a special grant¹ from the Secretary of State. The change in location has provided opportunities for increased revenues, however, primarily from concessions granted for refreshment facilities in the theatre (estimated to yield \$20,000 net annually), and from the rental of the theatre for other activities when not in use by the TNM (estimated to return \$25,000 net annually).

In 1972-73 there were to be seven productions, compared to six in 1971-72. This increase, together with performances of Le Théâtre Midi, were expected to result in an increase of \$100,000 in box office revenues.

While the TNM has, through its move to the new theatre, been afforded fresh opportunities for increasing earned revenue, the difference

¹This grant of \$300,000 is not included in grants shown in Table 2.

between revenue earned by the company and its operating expenditures is met by grants from the Canada Council, the Quebec Ministry of Cultural Affairs, and the Greater Montreal Council of the Arts. The TNM conducts no fund-raising activities for its own support; the Montreal business community contributes to the TNM only for promotions in its own interests; and there is no women's committee or equivalent voluntary organization associated with the company.

III. BENEFITS

Economic benefits attributable to the TNM are measurable with varying degrees of precision. The direct tax revenues generated by the TNM can be measured quite accurately, as can payments for government services. Indirect taxes, associated costs of attendance at performances, and other economic benefits are more difficult to assess.

A. DIRECT TAXES AND GOVERNMENT SERVICES

The tax structure in Quebec provides for distribution of tax revenue from the TNM to the City of Montreal and the Province. Thus:

- A municipal amusement tax of 10% is charged on the price of each theatre ticket. (In most other provinces this is a provincial tax and often performances by non-profit organizations are exempt).
- The retail sales tax of 8% on goods and taxable services provides for a sharing of this revenue between the Province and the municipality in which it is collected. In Montreal, this results in about 23% of the proceeds, or 1.84% of the taxable value, being returned to the city.

In the 1970-71 fiscal year, direct taxes and government service charges paid by or as a result of transactions involving the TNM yielded

approximately \$263,100. Government revenue from this source was about \$243,100 in 1971-72 and is expected to be about \$334,000 in 1972-73. These taxes and services include personal income tax, sales tax, property tax, postage, electricity, etc.

The distribution of this tax revenue between the three levels of government in the three years was, or is expected to be, as follows:

TABLE 3

TOTAL DIRECT TAXES AND CHARGES FOR GOVERNMENT
SERVICE FACILITIES PAID TO GOVERNMENTS BY OR
AS A RESULT OF TRANSACTIONS INVOLVING THE TNM

<u>Level of Government</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
Municipal	\$ 65,000	\$ 48,200	\$ 93,500
Provincial	104,000	102,200	130,500
Federal	<u>93,300</u>	<u>92,700</u>	<u>110,600</u>
Total	\$263,100	\$243,100	\$334,600

A detailed analysis of expected revenue in 1972-73 from all sources is given in Appendix V. The increase in revenue expected to accrue to the City of Montreal in 1972-73 is attributable to: the increases in amusement tax and sales tax from activities in the new theatre including the cinema and concessions; a greater yield from property tax as compared to the city's portion of the TNM's previous rental of the Port Royal and Maisonneuve Theatres; and increased revenue from the city's portion of sales tax. Increases in payments to the Federal and to the Provincial governments are primarily attributable to greater proceeds from income tax from more employees, and increased federal and provincial sales tax revenue on a larger number of taxable goods and services purchased by the company.

As shown in Appendix V, the largest single item in tax contribution by the TNM is federal and provincial personal income taxes. The move to the new theatre has resulted in an increase in personnel from about 20 to 67, including part-time theatre staff. However, while many of the new staff will be employed permanently in activities associated with the new theatre, the company's actors are engaged for each production, separately, and in many cases their main source of employment is with organizations other than the TNM. Taxation resulting from actors' earnings from other organizations has not been included with the proceeds of taxation attributable to the TNM.

B. INDIRECT TAXES

An analysis of revenue to government from Le Théâtre du Nouveau Monde must take account of more than direct taxes paid by the company and its employees.

1. TNM employees, together with their 32 dependents, have available about \$513,000 in disposable income. While no precise formula for the tax yield from disposable income is available, it has been suggested¹ that a 20% federal, 10% provincial and 5% municipal tax factor should be approximately correct for assessment purposes. In other words, approximately these proportions of disposable income may be expected to accrue to the governments specified from duties and taxes on goods and services of all kinds involved in transactions affecting TNM personnel. This would result in payment of a further \$100,000 in federal, \$50,000 in provincial and \$25,000 in municipal taxes.

2. The TNM purchases about \$350,000 worth of goods and services annually from about 40 suppliers. A further \$560,000 is estimated to be

¹Source: Dr. Peter Klopchic, Director, Travel Research, Ontario Department of Tourism and Information. (Based on economic studies for the Ontario Government).

spent by patrons on associated costs of attendance at performances presented by the company as explained in the following section of this report. These two items together should occasion about \$71,000 in direct tax, as shown in Appendix V. However, the organizations providing these goods and services are subject to corporate income tax, their employees pay personal income tax and purchase materials and supplies some of which attract sales tax. Hence, the revenue received by government attributable to the TNM evidently exceeds the sum of direct tax and service charges described earlier for which the TNM is directly responsible.

C. ASSOCIATED COSTS OF ATTENDANCE

A study of the costs associated with attendance at Le Théâtre du Nouveau Monde was conducted during the 1967-68 theatre season by the Canada Council in co-operation with the TNM. This study indicated that theatre-goers in Montreal spent about \$12.26 each on nights they attended the theatre, including about \$5.00 for tickets and \$6.76 for transportation, bar, restaurant and other associated expenses.

This unpublished study has not been updated, and no other study of its type is believed to have been carried out recently in North America, but a brief analysis was made during the present study to determine the composition of audiences at the TNM and their likely spending habits. The results of the analysis are illustrated in Appendix VI and show expenditures of about \$569,000 for the season, or \$4.24 per person on charges for restaurant, bar, hotel, hairdressing, checking, transportation and babysitters. This compares with an average expenditure of \$3.16 shown in a study of costs of attendance at live performances throughout the United States in 1963-64¹.

¹Performing Arts: The Economic Dilemma. A study conducted by William J. Baumol and William G. Bowen for the Twentieth Century Fund: page 261 et seq.

Assuming a 3.5% to 4% annual average rate of inflation, the results of our analysis compare quite closely with the American study, but are more conservative than the results of the Canada Council study of 1967-68.

D. OTHER ECONOMIC BENEFITS

An evaluation of the economic benefits afforded by Le Théâtre du Nouveau Monde should take account of the following additional evidence.

1. During the summer of 1972, Benson & Hedges Limited sponsored the "Theatre in the Street" program using Les Jeunes Comédiens. At approximately the same time, the Hudson's Bay Company put on eight shows in their Montreal stores using the same troupe. The TNM regard this use of their company for advertising and sales promotion as an indication of the value of its services to the business community.

2. The TNM's season does not coincide with the major tourist season in the summer. However, considerable interest in the TNM is shown by the Montreal Municipal Tourist Bureau. Consideration is being given by this bureau to the possibility of organizing tours to Montreal, including visits to the theatre, for the purpose of instruction in the French language.

The Montreal Convention and Visitors Bureau stated that while the prime considerations of organizations planning conventions are facilities and cost, the presence of good French theatre in Montreal adds to the cosmopolitan atmosphere of the city and its value as a convention centre.

E. BALANCE OF PAYMENTS

Le Théâtre du Nouveau Monde's only foreign tour in recent years was a seven-week tour of Europe in 1971. A grant of \$100,000 from the Department of External Affairs covered the salaries of performers, and costs of costumes, sets and transportation. The total cost of this tour was

\$100,923, excluding costs in Europe which were covered by local organizations in the countries visited. An expenditure of \$15,000 on theatre sets was the only significant amount spent outside Canada from the grant revenue received by the company.

In Canada, most of the performances of the main TNM company are in Montreal. The junior company, Les Jeunes Comédiens, performs to a limited extent in provinces outside Quebec, and in the U.S.A.

An analysis was made of the source of revenue and the location of expenditure for the years 1970-71 and 1971-72, and estimates were prepared for 1972-73. Federal grants were considered as revenue from outside Quebec. The results in Table 3 show that the Province of Quebec benefits from the expenditure of virtually all revenues in the province.

TABLE 3
PROVINCIAL BALANCE OF PAYMENTS
LE THEATRE DU NOUVEAU MONDE

	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
<u>Revenue</u>			
From within Quebec	60%	47%	52%
From outside Quebec	40%	53%	47%
<u>Expenditure</u>			
Within Quebec	98%	95%	97%
Outside Quebec	2%	5%	3%

IV. CONCLUSIONS

The economic benefits to Canadian society attributable to Le Théâtre du Nouveau Monde are broadly of two kinds: direct and indirect tax

receipts, and revenue from government services, and economic benefits to industry and commerce generally. There are also a number of other economic benefits, including those to commerce and industry and the community as a whole, which are more difficult to measure but which are significant nevertheless.

A. TANGIBLE RETURNS TO GOVERNMENT

Direct and indirect taxes levied on wages and salaries paid, and government services purchased, by Le Théâtre du Nouveau Monde have been identified, and indirect taxes generated from expenditures out of disposable income of the organization's employees have been estimated. These measurable direct and indirect taxes may be related to government grants without implying a causal relationship between the elements.

Estimated results for 1972-73, as shown in Table 4 which follows, demonstrate that tax receipts and government revenue, combined, average approximately 85% of the total value of grants provided to the TNM.

TABLE 4
ESTIMATED DIRECT AND INDIRECT TAX RECEIPTS,
AND REVENUE FROM GOVERNMENT SERVICES,
EXPRESSED AS RATIOS OF GRANTS TO THE TNM

1972-73

	<u>Federal</u>	<u>Provincial</u>	<u>Municipal</u>	<u>Combined</u>
Direct	26%	109%	156%	56%
Indirect	<u>24%</u>	<u>42%</u>	<u>42%</u>	<u>29%</u>
Total	50%	151%	198%	85%

B. OTHER ECONOMIC BENEFITS TO CANADIAN SOCIETY

In addition to providing direct and indirect financial returns to

government, Le Théâtre du Nouveau Monde has an impact in a number of other ways on the Canadian economy. The most significant are as follows.

1. The TNM, and the public who attend performances by the company, purchase materials, goods and services to a value of over \$900,000 annually.
2. The company provides full- and part-time employment for 67 people who earned approximately \$513,000 in disposable income in 1972-73 for services to the TNM.
3. The TNM is one of the major arts organizations in Montreal. As such it enhances the appeal of the city to tourists and others as a leading centre of French culture in Canada.

The first two of these items represent a combined effective demand by Le Théâtre du Nouveau Monde of some \$1,400,000 - mainly for local goods and services - related, more or less directly, to the performing arts.

APPENDICES

THE OBJECTIVES OF THE ROYAL WINNIPEG BALLET

The objectives of the Royal Winnipeg Ballet are to make ballet art available to audiences in Canada and to be a medium for contemporary expression by Canadian dancers, choreographers and musicians.

It does not seek to be a grand European-styled classical ballet company.

It does seek to tour small Canadian cities without loss of artistic integrity, which is accomplished by keeping to compact size. It strives to maintain "classical" standards while providing freedom for experiment and exploration for those with creative talents. Such freedom is essential to a living art form.

That these objectives are being attained is demonstrated by the appearance in the United States of several small ballet companies of merit whose format, although not copied from the RWB, is nevertheless the same as ours, and by the appearance in the repertoires of eleven European and American companies of ballets initially created for the Royal Winnipeg Ballet.

Source: Records of the R.W.B. and the Canada Council.

TAX AND GOVERNMENT SERVICE REVENUE EXPECTED DURING 1972-73
FROM THE ROYAL WINNIPEG BALLET AND ASSOCIATED ORGANIZATIONS¹

ITEM	TAX OR SERVICE	RECIPIENT GOVERNMENTS			TOTAL
		CITY OF WINNIPEG	PROVINCE OF MANITOBA	FEDERAL GOVERNMENT	
1. Employee income	Income tax		\$ 76,027	\$103,568	\$179,595
2. Materials, supplies and taxable services	Sales tax		11,323	17,257	28,580
3. Business and performance City tax taxes and licences	City tax	\$5,689			5,689
4. Electricity	Service	400	8,000		8,400
5. Postage	Mail service		9,905		9,905
6. Associated costs of attendance ²	Sales tax		9,625		9,625
TOTAL VALUE: Direct Taxes and Government Services		\$6,089	\$104,975	\$130,730	\$241,794
REVENUE, Excluding Value of Government Services		\$5,689	\$ 96,975	\$120,825	\$223,489
VALUE OF GOVERNMENT SERVICES		\$ 400	\$ 8,000	\$ 9,905	\$ 18,305

NOTE:

¹The Royal Winnipeg Ballet School and the Women's Committee.

²Does not include roughly \$25,000 sales tax generated on estimated associated costs of attendance in Canada, outside Manitoba.

Source: Tax data based on taxable values extracted from financial statements maintained by the Royal Winnipeg Ballet, and from the organization's budget for the fiscal year 1972-73.

ESTIMATED COSTS OF ATTENDANCE AT
ROYAL WINNIPEG BALLET PERFORMANCE IN CANADA

1972-73

1. Audience Composition: Regular Performances in Winnipeg

. Regular Subscribers	
. Weekend Performances	7,000
. Weekday	38,000
. Students	3,000
. Assisted Patrons	4,000
. Single Sales Including Tourists	<u>3,000</u>
TOTAL	55,000

2. Out-of-Town Subscribers Requiring Overnight Accommodation

- . 50 (equivalent to 300 spectator nights)

3. Tour Audience

. Brandon	- 3 performances	2,200
. Ottawa	- 4 performances	8,000
. Newfoundland	- 7 performances	5,300
. Western Canada	- 19 performances	40,000
. Eastern Canada	- 20 performances	<u>40,000</u>
		95,500
. U.S. (not included in study - 14,000)		

4. Estimated Costs

. Weekend Subscribers, 7,000 at \$4.25	\$ 30,000
. Weekday Subscribers, 38,000 at \$3.00	114,000
. Out-of-town Subscribers, 300 at \$19.00	6,000
. Students, 3,000 at \$2.00	6,000
. Single Sales, 3,000 at \$4.25	13,000
. Tour Audience, 95,500 at \$4.25	<u>406,000</u>
	\$575,000

TAX AND GOVERNMENT SERVICE REVENUE GENERATED BY

THE TORONTO SYMPHONY AND ASSOCIATED ORGANIZATIONS¹

(Season 1971-72)

ITEM	TAX OR SERVICE	RECIPIENT GOVERNMENTS		TOTAL REVENUE
		CITY OF TORONTO	PROVINCE OF ONTARIO	
1. Employee Income ²	Income tax		\$147,869	\$506,196
2. Materials, supplies and taxable services	Sales tax		17,973	35,613
3. Ontario Place Concerts	Amusement tax		13,577	13,577
4. Municipal services and per capita allowance	Service charge	\$5,592		5,592
5. Mail	Postage		18,600	18,600
6. Associated costs of attendance			15,750	15,750
	TOTAL VALUE: Direct Taxes and Government Services	\$5,592	\$195,169	\$595,328
	REVENUE, Excluding Value of Government Services	\$1,877	\$195,169	\$573,013
	VALUE OF GOVERNMENT SERVICES	\$3,715	-	\$ 22,315

NOTE:

¹ The Women's Committee of the Toronto Symphony, and Massey Hall.

² Includes supplementary income from for example, teaching, CBC, other orchestras, and recordings.

Source: Tax data based on taxable values extracted from financial statements maintained by the Toronto Symphony, Massey Hall, and the Women's Committee, and on estimates of musicians' "external" income supplied by the Toronto Musicians' Association.

TAX AND GOVERNMENT SERVICE REVENUE EXPECTED DURING 1972-73

FROM LE THEATRE DU NOUVEAU MONDE

<u>ITEM</u>	<u>TAX OR SERVICE</u>	<u>RECIPIENT GOVERNMENTS</u>			<u>TOTAL</u>
		<u>CITY OF MONTREAL</u>	<u>PROVINCE OF QUEBEC</u>	<u>FEDERAL GOVERNMENT</u>	
1. Ticket sales	Amusement tax	\$33,697			\$ 33,697
2. Theatre rental to outside agencies	Amusement tax ¹	10,000			10,000
3. Theatre concessions	Sales tax	2,539	\$ 11,741		14,280
4. Employees income	Income tax		67,487	\$ 83,355	150,842
5. Materials, supplies and taxable services	Sales tax	3,382	10,651	12,067	26,100
6. Postage	Mail service			15,200	15,200
7. Electricity	Service		5,500		5,500
8. Water	Service tax	8,720			8,720
9. Property	Tax	23,752			23,752
10. Licences	Tax	1,000			1,000
11. Associated costs of attendance	Sales tax	10,400	35,200		45,600
TOTAL VALUE: Direct Taxes and Government Services		\$93,500	\$130,500	\$110,600	\$334,600
REVENUE, Excluding Value of Government Services		\$93,500	\$125,000	\$ 95,400	\$313,900
VALUE OF GOVERNMENT SERVICES		-	\$ 5,500	\$ 15,200	\$ 20,700

NOTE:

¹Estimated amusement tax from the proceeds of ticket sales for cinema performances in theatre, the property of Le Théâtre du Nouveau Monde.

Source: Taxable values extracted from "Prévisions Budgétaires pour la Période du 1er juillet, 1972 au 30 juin, 1973" provided by le TNM.

ESTIMATED ASSOCIATED COSTS OF ATTENDANCE

LE THEATRE DU NOUVEAU MONDE

MONTREAL PERFORMANCES: REGULAR PROGRAM

1972-73 Season

C O S T S	PREMIERES & SATURDAYS				REGULAR AUDIENCE				STUDENTS			
	Patrons Incurring (%)	Unit Cost (\$)	Value (\$)		Patrons Incurring (%)	Unit Cost (\$)	Value (\$)		Patrons Incurring (%)	Unit Cost (\$)	Value (\$)	
Hotel	0	-	-		0	-	-		0	-	-	
Restaurant	50	7.50	70,687		25	5.00	80,335		50	1.00	24,100	
Bar	75	1.50	21,207		50	1.50	48,203		50	0.50	12,050	
Hairdressing	30	10.00	56,550		10	10.00	64,270		0	-	-	
Checking	40	0.50	3,770		40	0.50	12,854		10	0.50	2,410	
Transport/Parking	100	1.50	28,275		100	1.00	64,270		100	0.60	28,920	
Babysitter	10	3.00	5,655		10	3.00	19,281		0	-	-	
	-	-	\$186,144		-	-	\$289,213		-	-	\$67,480	
Number of Persons	18,850				64,270				48,200			
(Percent Total Audience)	(14%)				(48%)				(36%)			
Average Expenditure	\$9.88				\$4.50				\$1.40			

SOURCE: Estimates developed by study team, in collaboration with personnel of
Le Théâtre du Nouveau Monde.

C O S T S	TOURISTS				SUBSIDIZED			TOTAL	
	Patrons Incurring (%)	Unit Cost (\$)	Value (\$)		Patrons Incurring (%)	Unit Cost (\$)	Value (\$)	Average Per Person (\$)	Total Value (\$)
Hotel	80	10.00	10,720		0	-	-	0.80	10,720
Restaurant	80	10.00	10,720		25	1.00	355	1.39	186,187
Bar	50	1.50	910		10	0.50	167	0.60	81,537
Hairdressing	10	10.00	1,340		0	-	-	0.91	122,160
Checking	40	0.50	268		40	0.50	268	0.15	19,570
Transport/Parking	100	1.00	1,340		100	0.66	804	0.92	123,609
Babysitter	0	-	-		-	-	-	0.19	24,936
	-	-	\$25,298		-	-	\$1,574	\$4.24	\$568,719
Number of Persons	1,340				1,340				134,000
(Percent Total Audience)	(1%)				(1%)			(100%)	
Average Expenditure	\$18.88				\$1.17			\$4.24	

SOURCE: Estimates developed by study team, in collaboration with personnel of
Le Théâtre du Nouveau Monde.

APPENDIX VII

LIST OF PERSONS INTERVIEWED

PERSONS INTERVIEWED IN CONNECTION WITH ASSESSMENTS OF

THE ROYAL WINNIPEG BALLET

ORGANIZATION

The Royal Winnipeg Ballet

Executive Committee

POSITION

NAME

Honorary President Miss Kathleen M. Richardson

Past President Mr. Justice R.J. Matas

President Mr. P.J. Macdonald

Vice-President,
Women's Committee Mrs. T. Fournelle

Chairman, Special Projects Mr. M. Freedman

The Royal Winnipeg Ballet

Principal Dancer Mr. Sylvestre Campbell

General Manager Mr. R.E. Dubberley

Production Manager Mr. P. Hawkins

Musical Director Mr. N. Kayan

Assistant Artistic Director Mr. J. Duggan

Principal Dancer,
& Vice-President, Equity
Council, Canada Miss Sheila MacKinnon

Corps de Ballet Mr. James Mercer

Director, Publicity Miss M. Morris

APPENDIX VII

Section 1

Page 2

<u>ORGANIZATION</u>	<u>POSITION</u>	<u>NAME</u>
<u>The Royal Winnipeg Ballet (Cont'd)</u>	Executive Assistant to the General Manager	Miss Gloria Samoluk
	Artistic Director	Mr. Arnold Spohr
	Dancer, Soloist	Mr. Terry Thomas
<u>School of the Royal Winnipeg Ballet</u>	Principal	Miss J. McKenzie
	Member of the Board	Mrs. J. Ross
<u>Contemporary Dancers</u>	Artistic Director	Ms. Rachael Brown
	Managing Director	Mr. Robert Holloway
<u>Manitoba Department of Tourism</u>	Assistant Deputy Minister	Ms. Mary Elizabeth Bayer
<u>Recreation & Cultural Affairs</u>	Cultural Officer	Mr. C.W. Semchyshyn
<u>Manitoba Provincial Auditor</u>	Assistant Provincial Auditor	Mr. K. Zipruk
<u>Manitoba Department of Education</u>	Curriculum Consultant, Arts & Music	Mr. Alan Janzen
<u>City of Winnipeg</u>	Assistant Treasurer	Mr. C.H. Evans
	Assistant Director, Planning	Mr. D. Lofto
	Chief Commissioner	Mr. Donald McDonald

ORGANIZATIONPOSITIONNAMECity of Winnipeg (Cont'd)Chairman, Sub-Committee on
Grants

Mr. W.H. Sasaki

Chairman, Standing Committee,
Finance

Mr. R. Wahkling

Manitoba Chamber of Commerce

General Manager

Mr. Evan McCormick

Member

Mr. R. Grahame

Member

Mr. M. Mitchener

Tourist & Convention

Member

Mr. M. Levine

Association of Manitoba Inc.Winnipeg School BoardAssistant Divisional
Superintendent

Mr. R. Cramer

Number 1 Division

Arts Co-ordinator

Mr. J.L. Hatcher

Winnipeg Tribune

Columnist

Mr. Gene Telpner *

McDonald, Currie & Co.

Audit Manager

Mr. Gordon Pawling

Canada's Conklin Shows

Vice-President

Mr. J. Sergei Sawchyn

NOTE:

* Telephone interview.

- Except in the case of the Executive Committee, respondents are presented with their names in alphabetical order.

PERSONS INTERVIEWED IN CONNECTION WITH ASSESSMENTS OFTHE TORONTO SYMPHONYORGANIZATIONThe Toronto SymphonyExecutive Committee

<u>POSITION</u>	<u>NAME</u>
President	Mr. Frank McEachren
Honorary Treasurer, Chairman Finance Committee	Mr. Alan Marchment
President, Women's Committee	Mrs. William Ortved
Vice-President, Women's Committee	Mrs. M. Simmons
Chairman, Education Committee	Mrs. W.D. Heintzman
Chairman, Business Sponsorship	Mr. D. Gillespie
Chairman, Endowment Fund	Mr. Jas. Westaway
Chairman, The Associates	Mr. D. Clark
Chairman, Planning	Mr. T. Wardrop
Musical Director & Conductor	Mr. Karel Ancerl
Assistant to Managing Director	Mr. M. Englebert
Assistant Conductor & Director of Youth Concerts	Mr. Victor Feldbrill
Managing Director	Mr. W. Homburger
Comptroller	Mrs. Z. Kossar

The Toronto Symphony

ORGANIZATIONPOSITIONNAMENational Youth Orchestra

Manager

Mr. John Brown

Ontario Council for the Arts

Executive Director

Mr. L. Applebaum

Music Officer

Mr. R. Sunter

Executive Secretary

Mr. K. Winters

Toronto Mendelssohn Choir

Manager

Mrs. Jas. B. Tompkins

Canadian Music Centre

Executive Secretary

Mr. Keith MacMillan

Globe & Mail

Arts (Music) Critic

Mr. John Kraglund

Toronto Musician's Association

President

Mr. J.A. Wood

Co-ordinated Arts Service

Executive Director

Mr. Norman Walden

Massey Hall

Manager

Mr. Joseph Cartan

BOARDS OF EDUCATIONBorough of York

Music Consultant

Ms. Bessie V. Sinclair

East York

Assistant Co-ordinator, Music

Ms. Nan Allin

Etobicoke

Music Co-ordinator

Mr. Barry Gosse

North York

Assistant Co-ordinator

Mr. Glenn Wood

APPENDIX VIISection 2Page 2

ORGANIZATIONBOARDS OF EDUCATION (Cont'd)

Peel County, Mississauga

Scarborough

Toronto

Toronto

Toronto Symphony OrchestraCommitteeCanadian Broadcasting CorporationYork UniversityPOSITIONNAME

Chairman, Consultants

Mr. Ross Brock

Supervisor of Music

Mr. L. David Allen

Director of Music

Mr. Jack M. Dow

Music Consultant

Mr. Jim Maben

Chairman

Ms. Ruth Budd

Member

Mr. Joseph Umbrico

Member

Mr. Norman Tobias

Member

Mr. Anthony Antonacchi

Member

Mr. Jack Fetherston

Member

Mr. Eugene Hudson

Member

Mr. Geo. Anderson

Head, T.V. Variety & Music

Mr. John Barnes

Head, Radio Music & Variety

Mr. John Roberts

Professor, Faculty of
Administrative Studies

Dr. Brian Dixon

<u>ORGANIZATION</u>	<u>POSITION</u>	<u>NAME</u>
<u>York University / Research Project on the Arts</u>	Assistant Professor/Director	Dr. S.H. Book
	Research Assistant	Mr. J.C. Gordon
<u>University of Toronto</u>	Dean	Dr. John Beckwith
<u>Faculty of Music</u>	Chairman, Performance & Opera Departments	Dr. Ezra Schabas
<u>Canadian Opera Company</u>	Managing Director	Dr. H. Geiger-Torel
<u>Composer</u>		Mr. H. Freedman
<u>Ontario Government</u>	Minister, Colleges & Universities	Hon. Geo. Kerr
	Senior Assistant Deputy Minister, Ministry of Industry & Tourism	Mr. A.S. Bray
	Officer in Charge - Programming Ontario Place	Mr. L. Casey
	Director - Tourism & Recreation Studies	Dr. Peter Ripstein
<u>National Concert Bureau</u>	Manager	Mrs. E. Binnie
<u>Metropolitan Grants</u>	Executive Alderman and Chairman, Sub-Committee on Grants	Mr. P. Pickett, Q.C.

APPENDIX VII

Section 2

Page 5

<u>ORGANIZATION</u>	<u>POSITION</u>	<u>NAME</u>
<u>Metropolitan Grants (Cont'd)</u>	Mayor, East York	Miss True Davidson

NOTE: With the exception of the Executive Committee, and the Government of Ontario, respondents in other groups are presented in the alphabetical order of their names.

PERSONS INTERVIEWED IN CONNECTION WITH ASSESSMENTS OF

LE THEATRE DU NOUVEAU MONDE

ORGANIZATION
ORGANIZATION

Le Théâtre du Nouveau Monde

Executive Committee -
Comité exécutif

Le Théâtre du Nouveau Monde

POSITION
NAME

Président Mr. Charles Lussier

Ancien président -
Past President Mr. C. Ducharme

Administrateur / Trésorier Mr. Lucien Allen

Secrétaire général Mr. Roch Carrier

Directeur artistique Mr. J.-L. Roux

Conseil des Arts de la Région
métropolitaine de Montréal

Adjoint au président -
Assistant to the President Mr. F.F. Biondi

Secrétaire Mr. Charles Goulet

Président Mr. Léon Lortie

City of Montreal

Directeur, Relation publiques
- Director, Public Relations Mr. François Zalloni

Société Radio-Canada

Superviseur des Emissions
dramatiques - Supervisor of
Drama Mr. Gérard Robert

Montreal Board of Trade

Directeur général adjoint -
Assistant General Manager Mr. Alec Harper

APPENDIX VII

Section 3

Page 1

APPENDIX VII

Section 3

Page 2

<u>ORGANIZATION</u>	<u>POSITION</u>	<u>NAME</u>
<u>Chambre de Commerce de Montréal</u>	Directeur général - General Manager	Mr. Pierre Shooner
<u>Montreal Municipal Tourist Bureau</u>	Coordinatrice des Evénements spéciaux - Special Events Coordinator	Mrs. M. Archambeault
<u>Montreal Convention & Visitors Bureau</u>	Directeur général - General Manager	Mr. Frank Bloodsworth
<u>Régie de la Place des Arts</u>	Directeur général adjoint - Assistant General Manager	Mr. J. Labaree
<u>Canadian Film Development Corporation</u>	Directeur des Finances - Director of Finance	Mr. R. Dionne
<u>Université de Montréal</u>	Président	Mr. Gratien Gélinas
<u>Union des Artistes</u>	Professeur associé	Mr. Louis Martin-Tard
<u>National Theatre School</u>	Secrétaire	Mr. Gordon Blais
<u>Société de Développement Industriel du Québec</u>	Directeur	Mr. David Peacock
	Directeur général	Mr. Lucien Saulnier

Ministère d

ERRATA

De légères erreurs commises en arrondissant les chiffres ont donné lieu à quelques anomalies dans les pourcentages. Prière de retenir ceux de la page 17, et de faire ailleurs dans le rapport les corrections suivantes:

Ministère d

Pages 11 et 35:

Dans la colonne Municipal, substituer 69% à 70%

Pages 15 et 57:

Dans la colonne Fédéral, substituer 51% à 50%

Dans la colonne Provincial, substituer 150% à 151%

Ministère d

Page 57:

Dans la colonne Global, substituer 86% à 85%

Comme

Stratford I

(Fondateur - 'INM)
Artistic Director -
(Founder - 'TNM)

La Presse

Critique d'Arts - Arts Critic Mr. Martial Da Silva

Montreal Catholic School Commission

Directeur général adjoint -
Deputy General Manager Mr. J.-P. Tardif

NOTE: With the exception of the Executive Committee, respondents are presented in the alphabetical order of their names.

<u>ORGANIZATION</u>	<u>POSITION</u>	<u>NAME</u>
<u>Chambre de Commerce de Montréal</u>	Directeur général - General Manager	Mr. Pierre Shooner
<u>Montreal Municipal Tourist Bureau</u>	Coordinatrice des Evénements spéciaux - - Special Events Coordinator	Mrs. M. Archambeault

Montreal Conv

Bureau

Régie de la P

Canadian Film

Corpora

Université de

Union des Art

National Thea

Société de Dé

Industri

ERRATA

Minor errors in rounding have led to inconsistencies in the percentages appearing in various sections of the report. The correct figures are shown in the combined table on Page 17. Figures appearing elsewhere should be amended as follows:

Pages 11 and 33:

Under the heading Municipal, 70% should read 69%

Pages 15 and 53:

Under the heading Federal, 50% should read 51%

and under the heading Provincial, 151% should read 150%

Page 53:

Under the heading Combined, 85% should read 86%

<u>ORGANIZATION</u>	<u>POSITION</u>	<u>NAME</u>	<u>NAME</u>
<u>Ministère des Affaires Culturelles</u>	Sous-ministre	Mr. Guy Frégault	
	Création & Diffusion	Mr. Jean Bourgeois	
	Outre-frontières	Mr. G.H. Dagneau	
	Directeur, Section d'Interprétation	Mr. Jean Vallerand	
<u>Ministère de l'Education</u>	Surintendant adjoint - Assistant Superintendent Protestant School Board of Greater Montreal	Mr. M. Fox	
<u>Le Grand Théâtre</u>	Directeur	Mr. Guy Beaulne	
<u>Ministère de l'Industrie & Commerce, Tourisme & Pêche</u>	Attaché, Sous-ministre	Mr. J.M. Blondeau	
<u>Stratford Festival Theatre</u>	Directeur artistique - (Fondateur - TNM) Artistic Director - (Founder - TNM)	Mr. Jean Gascon	
<u>La Presse</u>	Critique d'Arts - Arts Critic	Mr. Martial Da Silva	
<u>Montreal Catholic School Commission</u>	Directeur général adjoint - Deputy General Manager	Mr. J.-P. Tardif	

NOTE: With the exception of the Executive Committee, respondents are presented in the alphabetical order of their names.

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